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8  
9 **BEFORE THE**  
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**

11  
12 **In the Matter of the Accusation Against:**

DGC # SA 04-00090-1

13 **POINT-WALKER, INC., LUCKY DERBY**  
**CASINO**

OAH No. N2007050782

14 7433 C Greenback Lane  
15 Citrus Heights, California 95610

**STIPULATED SETTLEMENT  
AND PROPOSED  
DISCIPLINARY ORDER**

16 **KERMIT SCHAYLTZ, Shareholder**  
**LEO CHU, Shareholder**

17 **Owner's License Number GEGE-000407**

18 **Respondents**  
19

20 IT IS HEREBY STIPULATED AND AGREED, by and between the parties to the  
21 above-entitled proceedings, as follows:

22 1. On November 28, 2006, Robert E. Lytle, Jr. ("Complainant") brought an  
23 Accusation against Point-Walker, Inc., Lucky Derby Casino, Kermit Schayltz, and Leo Chu,  
24 which was filed with the California Gambling Control Commission ("Commission") on  
25 December 28, 2006. Complainant is the Director of the Division of Gambling Control  
26 ("Division") within the California Department of Justice and he brought this matter solely in his  
27 official capacity. Complainant is represented in this matter by Marc A. Le Forestier, Deputy  
28 Attorney General, Office of the Attorney General of the State of California.

2. Respondent Point-Walker Inc., Lucky Derby Casino ("Point Walker"), is a gambling enterprise and the holder of an Owner's Gambling License No. GEGE-000407, currently in full force and effect, authorizing it to own and operate a gambling establishment at licensed premises located at 7433C Greenback Lane, Citrus Heights, California, 95610.

3. Each individual Respondent agrees, for himself alone and not for the other, that the statements contained in the paragraphs below that refer to them are true.

4. Respondent Kermit Schayltz ("Schayltz") is an officer and shareholder of Respondent Point-Walker Inc., Lucky Derby Casino, and pursuant to Business and Professions Code, section 19883, is licensed as an owner in conjunction with Point-Walker Inc., Lucky Derby Casino, under Owner's Gambling License No. GEGE-000407.

5. Respondent Leo Chu ("Chu") is an officer and shareholder of the Respondent Point-Walker Inc., Lucky Derby Casino, and pursuant to Business and Professions Code, section 19883, is licensed as an owner in conjunction with Point-Walker Inc., Lucky Derby Casino, under Owner's Gambling License No. GEGE-000407.

6. Respondent Chu is represented in this proceeding by attorney Rodney J. Blonien, Esq., of the firm Whitman and Ransom, whose offices are located at 1121 L Street, Suite 507, Sacramento, California. Respondent Point-Walker Inc., Lucky Derby Casino, and Respondent Schayltz are represented by attorney Robert Harris, Esq., whose offices are located at 7070 Warbler Way, Sacramento, California.

7. The First Amended Accusation against the Respondents alleges violations of the Gambling Control Act and ordinances of the City of Rancho Cordova, and relates to the Respondents' involvement in the unlicensed ownership and operation of the Don Juan Cardroom. A copy of the First Amended Accusation for Division of Gambling Control Case No. SA 04-00090-1 is attached as Exhibit A and incorporated by reference.

8. The First Amended Accusation is currently pending against the Respondents. The original Accusation, and other statutorily required documents, were served on the Respondents on or about November 28, 2006. The First Amended Accusation was served on Respondents, through their respective counsel, on or about April 9, 2007.

1           9. The Respondents, and each of them, have carefully read and fully discussed with  
2 counsel the First Amended Accusation and this Stipulated Settlement and Disciplinary Order,  
3 and understand the meaning and effects of each document.

4           10. The Respondents are fully aware of their legal rights in this matter, including the  
5 right to a hearing on the charges and allegations in the First Amended Accusation; the right to be  
6 represented by counsel at such hearing at their own expense; the right to present evidence and to  
7 testify on their own behalf; the right to the issuance of subpoenas to compel the attendance of  
8 witnesses and the production of documents; the right to reconsideration and court review of an  
9 adverse decision; and all other rights accorded by the California Administrative Procedure Act  
10 and other applicable laws.

11           11. The Respondents voluntarily, knowingly, and intelligently waive and give up each  
12 and every right set forth in paragraph nine (10) above.

13           12. The Respondents, and each of them, agree that their respective state gambling  
14 licenses, identified as Owner's Gambling License No. GEGE-000407, are subject to discipline as  
15 a result of the charged allegations, and they agree to be bound by the Commission's imposition  
16 of discipline as set forth in the Disciplinary Order below. However, the Respondents, and each  
17 of them, deny that they intended to violate any provision of the Gambling Control Act or any  
18 ordinance of the City of Rancho Cordova.

19           13. Respondent Point Walker specifically admits the truth of the allegations in the  
20 First, Second, and Third Causes for Discipline contained in the First Amended Accusation.

21           14. This Stipulated Settlement shall be effective only if approved by the Commission.  
22 And if approved by the Commission, this Stipulated Settlement shall constitute a full and final  
23 resolution of all causes for discipline that are alleged, or that could have been alleged, in the First  
24 Amended Accusation based upon the facts and circumstances stated in the First Amended  
25 Accusation. The Respondents specifically agree that, at any time following execution of this  
26 Stipulated Settlement, but prior to the Commission's decision whether to adopt this Stipulated  
27 Settlement as its decision and enter the Disciplinary Order, counsel for Complainant and the staff  
28 of the Division may communicate directly with the Commission regarding this stipulation and

1 settlement, without notice to, or participation by, the Respondents or their counsel, and that no  
2 such communications shall be deemed a prohibited ex parte communication. By signing the  
3 Stipulated Settlement, the Respondents specifically agree that they may not withdraw their  
4 agreement or seek to rescind the Stipulated Settlement prior to the time the Commission  
5 considers and acts upon it. If the Commission fails to adopt this Stipulated Settlement as its  
6 Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or  
7 effect, and, except for actions taken pursuant to this paragraph, it shall be inadmissible in any  
8 legal action between the parties. The Commission shall not be disqualified from any further  
9 action by reason of having considered the Stipulated Settlement.

10 15. The parties specifically agree that facsimile copies of this Stipulated Settlement  
11 and Disciplinary Order, including facsimile signatures thereon, shall have the same force and  
12 effect as the originals.

13 16. In consideration of the foregoing admissions and stipulations, the parties agree  
14 that the Commission may, without further notice or formal proceeding, issue and enter the  
15 following Disciplinary Order:

16 **PROPOSED DISCIPLINARY ORDER**

17 **IT IS HEREBY ORDERED** that Respondents be subjected to the following  
18 discipline:

19 1. **Imposition of Fine.** Respondent Point Walker shall pay a fine of \$30,000.00 to  
20 the Division of Gambling Control, pursuant to Business and Professions Code, section 19930,  
21 which fine shall constitute full satisfaction of this paragraph one. The fine shall be due and  
22 payable to the Division of Gambling Control upon confirmation of this Stipulated Settlement and  
23 Disciplinary Order by the California Gambling Control Commission.

24 2. **Obey all Laws.** Respondents, and each of them, shall obey all state and federal  
25 laws and regulations substantially related to, or governing the practice of, cardrooms.

26 3. **Reimbursement of Division Costs.** The Respondents shall pay to the Division  
27 its costs of investigation and prosecution in the amount of \$5,000.00. Respondent Point Walker  
28 shall make said payment with the payment described in paragraph 1 of this Disciplinary Order.

## ACCEPTANCE

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Rodney J. Blonien. I understand the Stipulated Settlement and the effect it will have on my gambling license. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Disciplinary Order of the Commission.

Dated: June 20, 2007

\_\_\_\_\_  
LEO CHU  
Respondent

I have read and fully discussed with Respondent Leo Chu the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approved its form and content.

Dated: June 11, 2007

\_\_\_\_\_  
RODNEY J. BLONIEN  
Attorney for Respondent

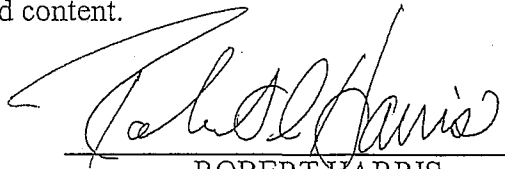
I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Robert Harris, who is also legal counsel for Respondent Point Walker, Inc., Lucky Derby Casino. I understand the Stipulated Settlement and the effect it will have on my gambling license, and that of Respondent Point Walker, Inc., Lucky Derby Casino. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Disciplinary Order of the Commission.

Dated: June 25, 2007

\_\_\_\_\_  
KERMIT SCHAYLTZ, Respondent, individually  
and on behalf of Respondent Point Walker, Inc.,  
Lucky Derby Casino

1 I have read and fully discussed with Respondent Kermit Schayltz the terms and  
2 conditions and other matters contained in the above Stipulated Settlement and Disciplinary  
3 Order. I approved its form and content.

4  
5 Dated: June 25, 2007

  
ROBERT HARRIS

Attorney for Respondents Kermit Schayltz and  
Point Walker, Inc., Lucky Derby Casino

8  
9 **ENDORSEMENT**

10 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully  
11 submitted for consideration by the California Gambling Control Commission.

12  
13 Dated: ~~June~~ July 3, 2007

EDMUND G. BROWN JR.  
Attorney General of the State of California

14  
15 By: 

MARC A. LE FORESTIER  
Deputy Attorney General  
Attorneys for Complainant

In the Matter of the Accusation Against:

Point-Walker, Inc.  
Lucky Derby Casino  
License Number GEGE 000407

Kermit Schayltz, Shareholder  
Leo Chu, Shareholder

DGC Case Number SA 04-00090-1  
OAH Case Number 2007050782

AMENDED STIPULATED  
SETTLEMENT AND  
DISCIPLINARY ORDER

DECISION AND ORDER OF THE COMMISSION:

The attached Stipulation was adopted by a majority vote of the Commission as its final decision and order in this matter at the Commission Meeting of July 26, 2007 and is effective immediately.

IT IS SO ORDERED.

Signature:

  
Dean Shelton, Commission Chair